



# Overview of Tuition Assistance Programs for the Kentucky Adult Learning Initiative



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CAEL

The Council for Adult & Experiential Learning



# Substantial and Growing

Corporate America spent \$10 Billion on tuition management programs in 2003.

*Source: Workforce Management*

Nearly 75% of U.S. workers are eligible for some form of reimbursement for education

*Source: SHRM Poll*



# Relevant for Today's Workforce



74% of companies claim that their education and tuition benefits are an effective strategic investment.

*CAEL 2004 Tuition Survey*

Tuition Reimbursement is the number one employee retention program.

*SHRM , Wall Street Journal  
August 2003*



# Why Offer Tuition Assistance

Reason for providing educational benefit	% of <i>Employers</i>
Employee retention	<b>70%</b>
Improve productivity (job performance)	<b>69%</b>
Increase qualifications to do new work	<b>61%</b>

Source: CAEL 2004 Tuition Survey



# Tuition Assistance and CAEL

- Over 20 years experience defining and managing tuition assistance programs
- Broad base of established clients
  - CAEL served over 60,000 employees seeking tuition assistance from their employers
  - Over 725,000 adults are eligible for tuition assistance programs managed by CAEL
  - Processed \$170 million in education funds



# Tuition Assistance Program Components

- Who is eligible?
- How much financial assistance is provided?
- What schools can be approved?
- What types of education are covered?
- What are the grade requirements?
- How is the program promoted to employees?



# Employee Eligibility

- Length of service requirements
  - Companies typically required employees to wait 3-6 months before using TAP
  - CAEL recommends immediate eligibility upon hire date
- Part-time employees typically receive some level of coverage
- Employees must be working at company during the duration of the course



# How much will companies allocate?

- Companies are generous in the limits put on tuition reimbursement.
- 77 percent of companies have the same limits regardless of job role (shown below).
- Those that don't have the same limits for everyone generally have higher limits than those that do.

Degree Level	Average per Year Dollar Limit
Non-degree Courses	\$3200
Bachelor's Level Courses	\$4200
Master's Level Courses	\$4300
Ph.D. Level Courses	\$4000

*Source: Corporate University Xchange Tuition Reimbursement Study 2007*





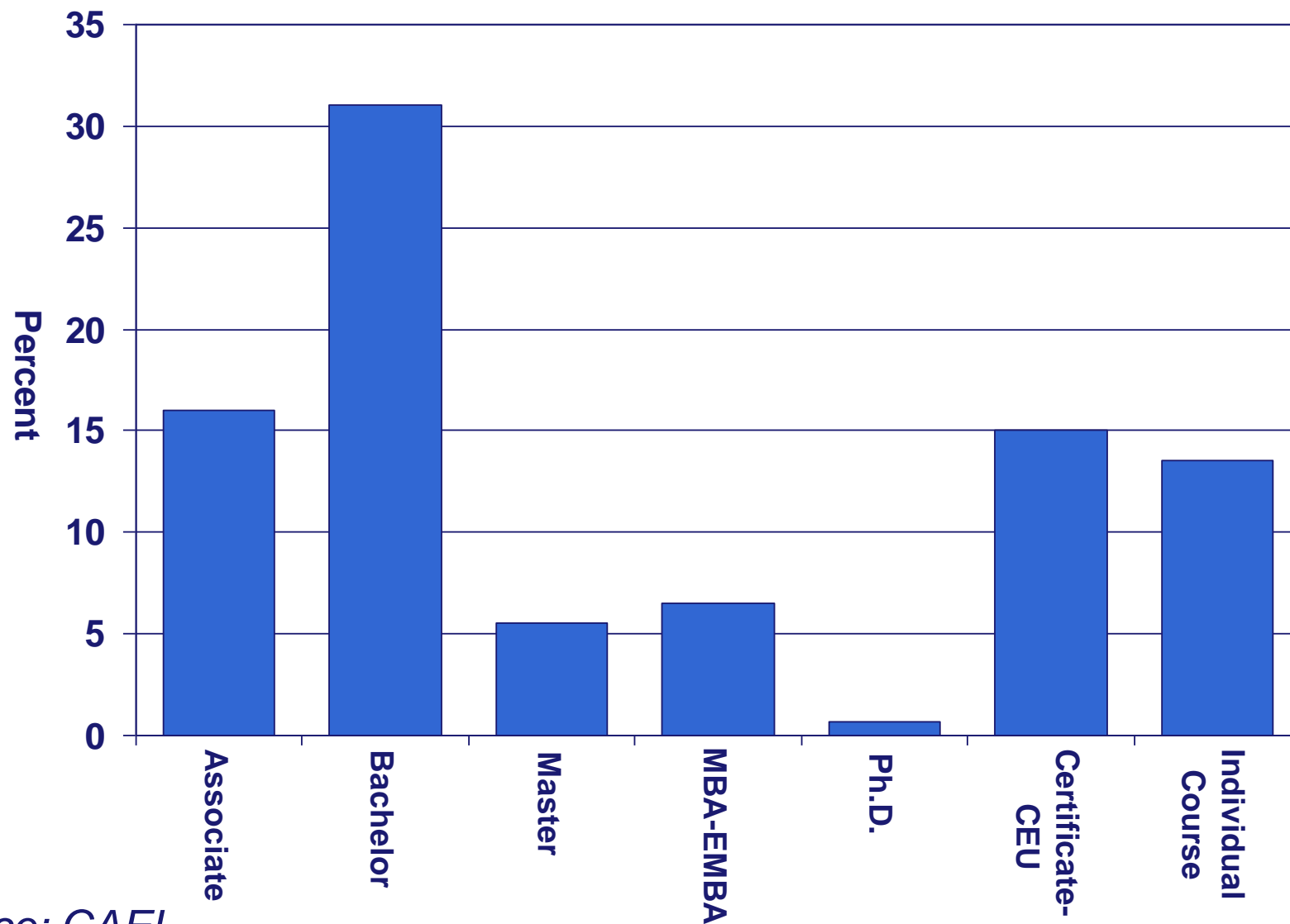
# Company Expenditures by Employee

On average employees use \$3,000 per year  
regardless of company cap.

*Source: CAEL*



# Types of Degrees Pursued



Source: CAEL



# Institutions

- Accreditation is key, with more than 70 percent of companies requiring that a college or university be accredited before they will pay.
- Some companies, like Intel, go farther and specify which accrediting bodies are acceptable.
- On-line colleges and universities are always acceptable at more than half of companies, and sometimes acceptable at another 47 percent.



## Additional Program Components

- Grade requirements (passing or C or better)
- Course of study must be “business-related”
- Manager must approve request
- Limitations around fees covered



# Payment Terms and Timing

- Two Relevant Models
  - Traditional Reimbursement
  - Prepayment/Voucher Option
  
- Why offer Prepayment Option?
  - Attractive Incentive for front-line staff;
  - Eliminates out of pocket expense
  - Strategy for engaging new employees
  - Increase program utilization 5%→12%



## Brainstorming: Linking State Policies to Corporate Tuition Assistance Programs

- Supporting exemplary practices especially prepayment of tuition and elimination of deferment fees
- Developing communication efforts so adult learners understand full complement of financial support available



# Additional Information

Resources available at:

[http://www.cael.org/tuition\\_assistance\\_management.htm](http://www.cael.org/tuition_assistance_management.htm)

Sign up for our newsletter called TAPWire for regular updates on what's new in tuition assistance programs.